

AGREED UPON PROCEDURES
RELATED TO THE FCC LIFELINE PROGRAM

Verizon Communications Inc.

Ernst & Young LLP



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Agreed-Upon Procedures
Related to the FCC Lifeline Program

December 31, 2013

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Independent Accountants' Report On Applying Agreed-Upon Procedures Verizon Communications Inc.

The Management of
Verizon Communications Inc.

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (the "Bureau") and Office of Managing Director ("OMD"), of the Federal Communications Commission ("FCC"), and the Universal Service Administrative Company ("USAC") (collectively "Specified Users") solely to assist you in evaluating Verizon Communications Inc. and its eligible telecommunications carrier subsidiaries' (the "Company"), compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the "Rules") detailed in the Lifeline Biennial Audit Plan for the period January 1, 2013 through December 31, 2013 (the "Engagement Period"). The Company is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

The procedures performed were those contained in FCC WC Docket No. 11-42, *Attachment 3 – Biennial Audit Plan, Universal Service Fund – Lifeline Program, General Standard Procedures for Biennial Independent Audits Required Under the Lifeline Reform Order*, erratum released September 19, 2014 or as directed by the Wireline Competition Bureau of the FCC (General Standard Procedures. The procedures and the associated findings are documented in Attachment A.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on Verizon Communications Inc.'s compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



As provided for in the General Standard Procedures, the Company, as a Specified User, prepared Attachment C, Verizon Comments providing additional information regarding findings in the report. We were not engaged to and did not perform any procedures related to Attachment C.

This report is intended solely for the information and use of the management of the Company, USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited

Ernst + Young LLP

April 1, 2015

Attachment A

The procedures shown in italics within this appendix are specifically listed in *Section III – Fieldwork Testing Procedures* in FCC WC Docket No. 11-42, *Attachment 3 – Biennial Audit Plan, Universal Service Fund – Lifeline Program, General Standard Procedures for Biennial Independent Audits Required Under the Lifeline Reform Order*, erratum released September 19, 2014. All references to “Appendix A”, “Appendix B” and “Appendix F” within the procedures refer to Appendix A and Appendix F included with the GSPs.

OBJECTIVE I: Carrier Obligation to Offer Lifeline

Procedure 1 – Inquire of management and obtain carrier policies and procedures in response to Item 4 of Appendix A (Requested Documents) for offering Lifeline service to qualifying low-income consumers. Examine the carrier policies and procedures, and compare management responses and carrier policies and procedure with the Commission’s Lifeline rules set forth in Appendix F. Note any discrepancy between the policies and procedures and the Commission’s rules.

We inquired of management and obtained the Company’s written Methods and Procedures (“Policies and Procedures”) document in response to Item 4 of Appendix A for offering Lifeline service to qualifying low-income consumers. Management’s response to Item 4 of Appendix A, Lifeline Policies & Procedures, was created in 2014. We inspected the carrier written policies and procedures, and compared management responses and carrier policies and procedure with the Commission’s Lifeline rules set forth in Appendix F. We noted no discrepancies between the written policies and procedures and the Commission’s rules. No exceptions noted.

Procedure 2 – Inspect 10 examples of carrier marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A, and note if the materials do not include the following:

- i. The service is a Lifeline service, which is a government assistance program;*
- ii. The service is non-transferable;*
- iii. Only eligible subscribers may enroll;*
- iv. Only one Lifeline discount is allowed per household; and*
- v. The ETC’s name or any brand names used to market the service.*

If all of the examples do not include this required information, identify and note the specific element(s) that are missing from each example. In the event the ETC does not have 10 different examples of marketing materials, it should submit as many as it uses to advertise the ETC’s Lifeline service plans.

We inspected 10 examples of carrier marketing materials describing the Lifeline service: 3 Lifeline Bill Inserts, 3 Lifeline Directory Material, 3 Newspaper Publications, and 1 Tribal Outreach Letter.

We noted the inspected marketing materials contained the required information, with the exception of the following:

- Rhode Island bill inserts omitted the disclosure that the service is non-transferable (item ii above).
- Pennsylvania bill inserts omitted the disclosure that the service is non-transferable (item ii above).
- Rhode Island newspaper advertisements omitted the disclosure that the service is non-transferable (item ii above).
- Rhode Island Tribal Outreach Letter omitted the disclosure that the service is non-transferable (item ii above).

Procedure 3 – Randomly select 10 recorded calls out of the 50 recorded calls, servicing the ETC’s Lifeline subscribers, as provided in response to Item 8 of Appendix A. In reviewing the 10 recorded calls, note whether: (1) the telephone number(s) involve the use of interactive voice response (IVR) system; (2) a live customer care operator is available; and (3) and the time spent using the customer care telephone service. Also note whether the customer care telephone number(s) can be used by subscribers to notify the ETC of the subscriber’s intent to cancel service or give notification that the subscriber is no longer eligible to receive service.

We requested records of recorded calls from management and were informed recorded calls were retained for either 30 or 180 days, and therefore recorded calls from 2013 were not available. We noted this as an exception to this procedure.

Procedure 4 – Inspect applicable policies and procedures regarding de-enrollment from the program, including when the ETC will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.

- a) Inspect the ETC’s policy and procedures for de-enrollment where the ETC has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A. Note whether the policy and procedures detail the process for communications between the subscriber and ETC regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility. Identify any areas that are not in compliance with section 54.405(e)(1) of the Commission’s rules.

We inspected the written Lifeline Policies and Procedures obtained in Objective I – Procedure 1, for written policies and procedures specific to de-enrollment where the ETC has information indicating that the subscriber no longer meets the eligibility criteria for Lifeline service and observed that the written policies and procedures did not have information regarding procedures for de-enrollment of a Lifeline subscriber that no longer meets the criteria to be considered a qualified low-income consumer under 47 C.F.R. §54.409. We noted this as an exception to this procedure.

- b) Inspect the carrier’s policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber’s household is receiving Lifeline service (duplicative support). Note if the policy and procedures state that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber’s household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission’s rules.*

We inspected the written Lifeline Policies and Procedures obtained in Objective I – Procedure 1, for written policies and procedures specific to de-enrollment of subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber’s household is receiving Lifeline service (duplicative support) and observed that the written policies and procedures did not have information regarding procedures for de-enrollment of subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber’s household is receiving Lifeline service (duplicative support). We noted this as an exception to this procedure.

- c) Inspect the carrier’s policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program. Using the list provided in response to Item 10 in Appendix A, perform the following:*
 - i. For subscribers listed as de-enrolled or scheduled for de-enrollment, select a sample of at least 10 accounts and request copies of the non-usage termination notifications sent to the subscribers.*
 - ii. Examine the non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service. Note if any of the non-usage termination notifications do not include this information, as required by section 54.405(e)(3) of the Commission’s rules.*
 - iii. Attach a sample non-usage termination notification(s).*

This procedure is not applicable and no procedures were performed as the Company is not required to comply with section 54.405(e)(3) and section 54.407(c) of the Commission's rules regarding non-usage termination as the Company assessed and collected a monthly fee from Lifeline service subscribers during the Engagement Period.

- d) *Review the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process. For any subscribers identified in Item 9.i, j and m of Appendix A, select a random sample of at least 30 and request copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and perform the following:*
 - i. *Inspect the sampled notice of impending de-enrollment letters and any other communications sent to the subscriber regarding re-certification to verify if the communications explain that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service. Note if any of the impending de-enrollment letters do not include this information.*
 - ii. *Review the de-enrollment letters, and other forms of communications, and the carrier's responses to the background questionnaire and verify through observation that the de-enrollment letters, if that form of communication was used, were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier).*
 - iii. *Attach a random sample of at least 5 examples of the impending de-enrollment letters to this procedure, and attach other forms of communications provided to the subscriber.*

We inspected the written Lifeline Policies and Procedures obtained in Objective I- Procedure 1, for policies and procedures specific to de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process and observed that the policies and procedures did not have information regarding procedures for de-enrollment of a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process. We noted this as an exception to this procedure.

For subscribers identified in Item 9.i, j and m of Appendix A, we selected a random sample of 30 and requested copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and performed the following:

- e) Inspected the sampled notice of impending de-enrollment letters and an unable to reach letter sent to the subscriber regarding re-certification and noted the communications explained that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or the

carrier will terminate the subscriber's Lifeline service. We also inspected a confirmation the subscriber successfully certified his/her eligibility for those subscribers who successfully recertified. We noted no exceptions.

- f) Inspected the de-enrollment letters, an unable to reach letter, and the carrier's responses to the background questionnaire and noted through observation that the de-enrollment letters and unable to reach letters were sent by a method separate from the subscriber's bill. We noted no exceptions.
- g) Attached a random sample of 5 examples of the unable to reach letters to this procedure, and attached a sampled notice of impending de-enrollment letter provided to the subscriber.

Objective II: Consumer Qualification for Lifeline

Procedure 1 – *Inquire of management and obtain carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4 of Appendix A. Examine the policies and procedures. Compare management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rule.*

We inquired of management and obtained carrier written policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Appendix A, Request 4. We inspected the written policies and procedures. We compared management responses and carrier written policies and procedures with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F). We noted no discrepancies between the written policies and procedures and the Commission's rule.

Procedure 2 – *Review procedures the carrier has in place to ensure it has accurately completed the FCC Form 497. If the carrier does not have such procedures, inquire of management to describe the process for completing a FCC Form 497. The procedures or process should include the following:*

- *The position title of the person responsible for obtaining data for the FCC Form 497;*
- *The process for determining which subscribers should be included monthly in the FCC Form 497. Verify the procedures include cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;*
- *That a corporate officer signature is required for the FCC Form 497;*

- *That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form;*
- *Provides the billing system name used to generate completion of the form; and*
- *If applicable, describes the process for completing the Tribal Link Up portions of the FCC Form 497.*

Document any exceptions and include in the audit report.

We inquired of management the procedures the carrier has in place to ensure it has accurately completed the FCC Form 497. The procedures or process includes the following:

- We inquired of management as to the position title of the person responsible for obtaining data for the FCC Form 497 and were informed a senior analyst in the financial planning and analysis group of the corporate tax department was responsible for obtaining data for the FCC Form 497. We were also informed the form is reviewed by the manager in the financial planning and analysis group of the corporate tax department who was also responsible for reviewing the data obtained for the FCC Form 497;
- We inquired of management and were informed the Company utilizes a report from the Network Profile System (NPS) system to obtain the list of subscribers who should be included in the FCC Form 497. The report in the system includes a list of subscribers who received Lifeline benefits for their full billing cycle only for the current month;
- We inquired of management and were informed the Assistant Controller's Tax and Form 497 Certifying Officer-, signature is required for the FCC Form 497. Management provided an organizational chart which listed the Assistant Controller as a corporate officer;
- We inquired of management and were informed the person reviewing or validating the form's data is different from the person completing the form;
- We inquired of management and were informed in Pennsylvania and Rhode Island the end user billing system is CRIS and in Maryland the end user billing system is NBBE;
- We inquired of management and were informed there is no tribal support in Maryland, Pennsylvania or Rhode Island, and thus, no process is needed for completing the Tribal Link Up portions of the FCC Form 497.

No exceptions noted.

Procedure 3 – Obtain the Subscriber List in response to Item 1 of Appendix A and obtain the carrier’s FCC Form 497(s) for each study area in the selected states for the selected month. Examine the number of subscribers claimed on the Form(s) 497. Compare the number of subscribers reported on the Form 497(s) to the number of subscribers contained on the Subscriber List for each study area. Note any discrepancies in the number of subscribers.

We requested and obtained from management the Subscriber List in response to Item 1 of Appendix A and obtained the Company’s FCC Form 497(s) for each study area in the selected states for the selected June 2013. We compared the number of subscribers reported on the Form 497 to the number of subscribers contained on the Subscriber List for each state. The results of comparing the number of subscribers reported on the Form 497 for each state is as follows:

- Maryland – We agreed the Subscriber List to the Maryland FCC Form 497. We noted no exception.
- Pennsylvania – The Subscriber List did not agree to the Pennsylvania FCC Form 497. The Subscriber list contained 41,849 subscribers and the Pennsylvania FCC Form 497 contained 41,447 subscribers resulting in a variance of 402. We noted the variance as an exception.
- Rhode Island – The Subscriber List did not agree to the Rhode Island FCC Form 497. The Subscriber list contained 5,097 subscribers and the Rhode Island FCC Form 497 contained 5,087 subscribers resulting in a variance of 10. We noted the variance as an exception.

Procedure 4 – Using computer-assisted audit techniques, examine the Subscriber List and note if there are any duplicate addresses with different subscribers. Create a list reflecting these results.

We used computer-assisted audit techniques and inspected the Subscriber List obtained in Objective II- Procedure 3 above for duplicate addresses with different subscribers and noted 5 duplicate addresses (10 subscribers). We created a list reflecting these results to complete Objective II- Procedure 5 below.

Procedure 5 – From the list completed in #4. above, randomly select up to 30 subscribers from the list and request copies from the ETC of the one-per-household certification form for each of the selected subscribers. Verify that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet. Note the number of missing or incomplete certifications. Even if subscribers enrolled in the program prior to June 2012, the effective date of the one-per-household requirement, at least one subscriber at each address is required to complete a one-per-household worksheet.

From the list completed in Objective II- Procedure 4 we selected all five duplicate addresses with different subscribers and requested copies from the Company of the one-per-household

certification form for each of the selected subscribers. Our observations of the five selections are as follows:

- The subscribers for one of the duplicate addresses certified to only receiving one Lifeline-supported service using the one-per household worksheet and properly included all of the information, including the indication that there were separate living units within the address. We noted no exception.
- One of the worksheets was incomplete. The subscriber failed to check off a majority of the form. We noted this as an exception.
- The address per one of the subscriber's one-per household worksheet does not agree to the subscriber listing. We noted this as an exception.
- Two of the identical addresses (4 subscribers) were enrolled prior to June 2012 and did not have one-per-household worksheets for either of the subscribers at the identical address. We noted this as an exception.

Objective III: Subscriber Eligibility Determination and Certification

Procedures 1 – Inquire of management and obtain carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4 of Appendix A. Examine the policies and procedures. Compare management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in section 54.410 (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rule.

- a) Inspect the ETC's policies and look for evidence as to whether it includes a policy that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility. Note in the Attestation Report if such a policy is not included.*
- b) Inspect the ETC's policies and look for evidence as to whether it includes a policy or procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.*

We obtained the Company's written Policies and Procedures obtained in Objective I- Procedure 1, and compared the written policies and procedures to the Commission's rules, section 54.410 regarding Lifeline subscriber eligibility determination and certification. Our inspection steps and results were as follows:

- We inspected the Company’s policies for evidence as to whether it includes a policy that the Company does not retain copies of subscribers’ proof of income- or program-based eligibility and identified the policies included a policy that the Company does not retain copies of subscribers’ proof of income- or program-based eligibility. We noted no exception.
- We inspected the Company’s policies for evidence as to whether it includes a policy or procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer’s eligibility is fully verified and all other necessary enrollment steps have been completed. We identified the Company’s policies included National Lifeline Accountability Database NLAD Access instructions and NLAD instruction sheet which provides detailed guidance that the agent must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer’s eligibility is fully verified and all other necessary enrollment steps have been completed. We noted no exception.

Procedure 2 – Examine the ETC’s policies and procedures for training employees and agents for ensuring that the ETC’s Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training. In the report, summarize the training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with the NLAD, limiting access to the NLAD to select individuals, and the rules for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service. Include information provided regarding the timing, frequency and evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of the ETC’s employees.

We inspected the Company’s written policies and procedures for training employees and agents for ensuring that the Company’s Lifeline subscribers are eligible to receive Lifeline service. We were informed by management “Agents in the Verizon Service Fulfillment Center (SFC) were responsible for processing applications. Prior to processing applications, each agent was trained on the rules, policies, and procedures governing the Lifeline Program which are included in ETC’s Method and Procedures documentation. Training delivery was either instructor-led or self-paced.” Attached to the Company’s Methods and Procedures are instructions on how to use NLAD, requesting and limiting access to NLAD, and rules for ensuring subscribers are eligible to review the Lifeline services and how to confirm all the required forms are completed. No exceptions noted.

Procedure 3 – Randomly select at least 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, the auditor will perform the test described below, for each of the subscriber’s certification and recertification forms.¹ After performing the tests described below for the first 50 sampled subscriber, if the error rate is higher than 5 percent, the auditor should apply the same procedure to the remaining 50 subscribers in the sample and record the results.

- a. Examine the subscriber certification and recertification forms, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission’s rules and will result in the subscriber’s de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 1. The subscriber’s full name;
 2. The subscriber’s full residential address;
 3. Whether the subscriber’s residential address is permanent or temporary;
 4. The subscriber’s billing address, if different from the subscriber’s residential address;
 5. The subscriber’s date of birth;

¹ In the event the auditor chooses a sampled subscriber that enrolled in the program prior to June 1, 2012 (before the effective date of section 54.410 of the Commission’s rules), the auditor should randomly select another subscriber that enrolled in the program after June 1, 2012. Subscribers enrolled in Lifeline service subsequent to June 1, 2012 are subject to the initial certification process but are not subject to the recertification process for that year.

6. *The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;*
 7. *If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and*
 8. *If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.*
- viii. *Require each prospective subscriber to certify, under penalty of perjury, that:*
1. *The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;*
 2. *The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit;*
 3. *If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in 54.400(e);*
 4. *If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days;*
 5. *The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;*
 6. *The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge;*
 7. *The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and*
 8. *The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).*
- ix. *Compare the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409. Note any discrepancies. Note: The ETC may list the eligibility criteria*

in its entirety or may allow the subscriber to note only his/her qualifying criterion on the form.

- x. Verify the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.*
 - xi. Examine the subscriber’s initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List. This procedure would not apply to subscribers enrolled prior to June 2012.*
 - xii. If applicable, verify subscribers who received Tribal Lifeline support certified to residing on Tribal lands.*
- b. Review the list of the data source or documentation the ETC reviewed to confirm the subscriber’s eligibility. Verify the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.*

We randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, we performed the test described above (a-b), for each of the subscriber’s certification and recertification forms. We found over 5% of errors within the first 50 selections and therefore applied the same procedures for the remaining 50 selections in the sample. In total, we encountered over 10% of errors and note this as an exception. Of the total 100 subscribers selected we identified 3 subscribers, for which the Company did not retain the full certification form which is considered an exception to all of the steps for Objective III -Procedure 3. Of the total 100 subscribers selected we identified 1 subscriber, for whom the Company did not retain page two of the certification form which is considered an exception to Objective III -Procedure 3 steps a(i)-a(vi) and a(viii). Of the total 100 subscribers selected we identified 2 subscribers, for which the Company did not retain page four of the certification form which is considered an exception to Objective III -Procedure 3 steps a(vii)1 and a(vii)3-8. Results for the remaining selections were as follows:

- a. We inspected the subscriber certification and recertification forms and noted the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
 - 1. We noted no additional exceptions.
 - ii. Only one Lifeline service is available per household.
 - 1. We noted no additional exceptions.

- iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
 - 1. We noted no additional exceptions.
- iv. A household is not permitted to receive Lifeline benefits from multiple providers.
 - 1. We noted no additional exceptions.
- v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program.
 - 1. We noted no additional exceptions.
- vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.
 - 1. We noted no additional exceptions.
- vii. A requirement that each prospective subscriber provide the following information:
 - 1. The subscriber's full name.
 - (a) We noted no additional exceptions.
 - 2. The subscriber's full residential address.
 - (a) We noted no exceptions.
 - 3. Whether the subscriber's residential address is permanent or temporary.
 - (a) We noted no additional exceptions.
 - 4. The subscriber's billing address, if different from the subscriber's residential address.
 - (a) We noted no additional exceptions.
 - 5. The subscriber's date of birth.
 - (a) We noted no additional exceptions.
 - 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number.
 - (a) We noted no additional exceptions.
 - 7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance

program from which the subscriber, his or her dependents, or his or her household receives benefits.

(a) We noted no additional exceptions.

8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.

(a) We noted no additional exceptions.

viii. Require each prospective subscriber to certify, under penalty of perjury, that:

1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409.

(a) We noted no additional exceptions.

2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.

(a) We noted no additional exceptions.

3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in 54.400(e).

(a) We noted no additional exceptions.

4. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days.

(a) We noted no additional exceptions.

5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service.

(a) We noted no additional exceptions.

6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge.

(a) We noted no additional exceptions.

7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law.

(a) We noted no additional exceptions.

8. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).
 - (a) We noted no additional exceptions.
- ix. Compared the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409. Note any discrepancies. **Note:** The ETC may list the eligibility criteria in its entirety or may allow the subscriber to note only his/her qualifying criterion on the form.
 1. We Compared the Company's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criterial list in per 47 C.F.R § 54.409. We noted one subscriber who did not provide the last four digits of their social security number in the recertification form. We noted this as an exception. We noted no other exceptions.
- x. Inspect subscriber certification and recertification forms to note whether the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.
 1. We inspected the support provided by management for completion of all required elements as identified in Objective III-3a, including signature and initialing/checkbox requirements contained in the certification and recertification forms. We noted the following:
 - (a) One subscriber did not check off the box verifying the subscriber, or any member of the household, does not received more than one Lifeline benefit. We noted this as an exception.
 - (b) One subscriber did not check off the box agreeing to notify Verizon within 30 calendar days if the subscriber moved to another address and to provide Verizon with the new address. We noted this as an exception.
 - (c) One subscriber did not provide their social security number on the certification form. We noted this as an exception.
 - (d) The Company transposed one subscriber's social security number when entering the information from the certification form into the system. We noted this as an exception.
 - (e) One subscriber dated the certification form (5/8/2013) after the Lifeline start date (4/17/2013. We noted this as an exception.

- (f) The Company did not retain the fourth page of the certification form for one subscriber. The missing information is under testing procedures vii, x, and xi of Objective III-3a. We noted this as an exception.
 - (g) We noted no other exceptions.
 - xii. Inspected the subscriber's initial certification form to determine whether the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List. This procedure would not apply to subscribers enrolled prior to June 2012.
 - 1. We inspected the subscribers' initial certification form to determine whether the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List. We noted the following:
 - (a) We noted one exception for a subscriber who listed their Lifeline start date (5/8/2013) that was after the certification start date (4/17/2013).
 - (b) We noted one exception for a subscriber who did not date their form.
 - (c) The Company did not retain the fourth page, which would have contained the Lifeline start date, of the certification form for one subscriber. We noted this as an exception.
 - (d) No other exceptions were noted.
 - xiii. If applicable, determine whether subscribers who received Tribal Lifeline support certified to residing on Tribal lands.
 - 1. Not applicable.
 - b. *Review the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility. Determine that the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.*
 - i. We inspected the list of the documentation the Company reviewed to confirm the subscribers' eligibility. We noted the recorded sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator. We noted a total of seven subscribers out of 100 for which the Company did not identify the support reviewed to verify program eligibility. We noted no other exceptions.

Objective IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers

***Procedure 1** – Inquire of management and obtain carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission’s rules, as provided in Item 12 of Appendix A. Examine the policies and procedures. Compare management responses and carrier policies and procedures with the Commission’s Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F). Note any discrepancies between the policies and procedures and the Commission’s rules.*

We inquired of management and obtained the Company’s written policies and procedures for ensuring that the Company has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission’s rules, as provided in Item 12 of Appendix A. We inspected the Company’s written policies and procedures and compared management responses and the Company’s written policies and procedures with the Commission’s Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F). We noted no discrepancies between responses to inquiries/the carrier’s written policies and procedures and the Commission’s rules.

***Procedure 2** – Examine the ETC’s FCC Form 555 that was filed the January following the audit period. Verify the carrier made all of the following certifications. An officer of each ETC must certify that s/he understands the Commission’s Lifeline rules and requirements and that the carrier:*

- a) Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;*
- b) Is in compliance with all federal Lifeline certification procedures; and*
- c) In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.*

We obtained and inspected the Company’s FCC Form 555 for each selected state that was filed the January following the audit period. Our procedures and results were as follows:

- a) We inspected the Form 555 for states Maryland, Pennsylvania and Rhode Island and noted that Section I: Initial Certification was reviewed and signed off with the initials of the Assistant Controller.
- b) We inspected the Form 555 for states Maryland, Pennsylvania and Rhode Island and noted that Section I: Initial Certification and Section II: Annual Re-certification was reviewed and signed off with the initials of the Assistant Controller.

- c) We inspected the Form 555 and inspected the responses to Appendix B and notes that for the 2013 audit period the ETC relied on their national operations department Service Fulfillment Center to determine the eligibility of Lifeline subscribers for the states of Maryland, Rhode Island and Pennsylvania.

Procedure 3 – Examine the ETC’s organizational chart provided in response to Item 5 of Appendix A. Verify that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.

We inquired of management and obtained the carrier’s organizational chart in response to Item 5 of Appendix A of the Lifeline Biennial Audit Plan. We inspected the Verizon Corporate Officers listing, the FCC Form 497 organization chart and the FCC Form 555 organization chart. We noted that the form 555 for January 2014 (covering the audit period of 2013) was signed by the Assistant Controller, for the three states selected (Maryland, Pennsylvania and Rhode Island). The assistant controller position is considered a corporate officer as per the Company’s Corporate Officers listing.

Procedure 4 – Verify that the subscriber count per the FCC Form 555 agrees with the total subscriber count per the February Form 497. Note: The FCC Form 555 is completed by the carrier at the state level (not the study area level). If the carrier has two study areas in one state, the carrier must combine the results of both study areas and complete one Form 555 for that state.

We noted that the subscriber count per the FCC Form 555 was in agreement with the total subscriber count per the original February Form 497. We noted no exceptions.

Procedure 5 – For the month of February, the auditor shall: (i) randomly select one of the three states or territories where the ETC received the largest amount of Lifeline support and is responsible for the annual recertification process; ; and (ii) randomly select two additional states or territories where the ETC is responsible for the annual recertification process (Recertification Sample). In the event the ETC did not receive Lifeline support in at least 3 states or territories, the auditor shall select all of the states or territories where the ETC received Lifeline support during the audit period. Using the Recertification Sample, the auditor shall review the ETC’s recertification results of the individual subscribers reported on the FCC Form 555 filed the January following the audit period for those three randomly selected states, as provided in Item 9 of Appendix A. Verify that the data reported on the FCC Form 555 for those states agree with the detailed recertification results.

For the month of February we performed the following:

- Randomly selected Pennsylvania as one of the three states or territories where the Company received the largest amount of Lifeline support and is responsible for the annual recertification process;

- Randomly selected two additional states or territories, Maryland and Rhode Island, where the Company is responsible for the annual recertification process;
- We inspected the Company’s recertification results of the individual subscribers reported on the Form 555 filed January 2014 for Pennsylvania, Maryland, and Rhode Island, as provided in Item 9 of Appendix A;
- To determine that the data reported on the FCC Form 555 for Pennsylvania, Maryland, and Rhode Island, agreed with the detailed recertification results we compared the FCC Form 555 for Pennsylvania, Maryland, and Rhode Island, to the detail recertification results. Our results were as follows:
 - We noted the data reported on the FCC Form 555 for Pennsylvania was in agreement with the detailed recertification results.
 - We noted the data reported on the FCC Form 555 for Maryland was in agreement with the detailed recertification results.
 - We noted the data reported on the FCC Form 555 for Rhode Island was in agreement with the detailed recertification results.

***Procedure 6** – If the non-usage rule applies to the ETC, the auditor shall (i) randomly select three months during the audit period; (ii) randomly select one of the three states or territories where the ETC received the largest amount of Lifeline support; (iii) randomly select two additional states or territories where the ETC receives Lifeline support; and (iv) review the ETC’s detailed non-usage results of the individual subscribers reported on the FCC Form 555 for those three randomly selected months within the three selected states, as provided in Item 10 of Appendix A (Non-Usage Sample). In the event the ETC did not receive Lifeline support in at least 3 states or territories, the auditor shall select all of the states or territories where the ETC received Lifeline support during the audit period. Verify that the data reported on the FCC Form 555 for the Non-Usage Sample agrees with the detailed non-usage results.*

We inquired of management and were informed the Company assessed and collected a monthly fee from Lifeline service subscribers during the Engagement Period and therefore the non-usage rule does not apply.

***Procedure 7** – Review the carrier’s annual ETC certification, as provided in Item 13 of Appendix A. Verify that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).*

We inspected the Company’s annual ETC certification, as provided in Item 13 of Appendix A. We noted that the Company reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a). We inquired of management and were informed the Company was not

designated by the FCC under U.S.C. Section 214(e)6, therefore, 47 C.F.R. § 54.422(b) does not apply. We identified the following information was reported as applicable under 47 C.F.R. § 54.422(a):

- The company name, names of the company's holding company, operating companies and affiliates, and any branding ("dba" or "doing-business-as company" or brand designation), as well as the study area codes for each entity.
- Information describing the terms and conditions of any voice telephony service plans offered to Lifeline Program subscribers, including details on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan.

We noted no exceptions between the FCC Form 481 and the Commission's rule.

***Procedure 8** – Review any supporting schedules related to the carrier's annual ETC certification, as provided in Item 13 of Appendix A. Verify that the data reported on the annual ETC certification agrees with the supporting schedules.*

We inquired of management to determine whether all ETC designations are from the State and not the FCC, thus the Company is not designated under 47 U.S.C. § 214(e)(6). We inspected any supporting schedules related to the carrier's annual ETC certification, FCC Form 481. We compared the data reported on the annual ETC certification to the supporting schedules, noting agreement.

***Procedure 9** – Inquire of management and obtain carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Item 4 of Appendix A. Examine the policies and procedures. Compare the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417. Note any discrepancies between the policies and procedures and the Commission's rule.*

We inquired of management about maintaining records that document compliance with the Lifeline program rules. We inspected management's response. We compared the management's response with recordkeeping rules set forth in 47 C.F.R. § 54.417. We noted no discrepancies between management's response and the Commission's rule.

Attachment B

The following documents are the examples obtained and retained as part of Objective 1 – Procedures 4d(ii). Included is a random sample of 5 examples of unable to reach letters and a sample of an impending de-enrollment letter provided to subscribers.

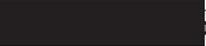


309 8028 3415254 03762 196 5



July 15, 2013

Dear XI NIAN 

Reference: Telephone Number 

You recently contacted Verizon regarding your participation in the Lifeline discount program. **This letter confirms you have successfully certified your eligibility.**

You will continue to receive the Lifeline discount as long as you remain qualified under the Federal Communication Commission's (FCC) Lifeline program rules.

Sincerely,

Your Verizon Team

Vea el reverso para información en español



308 8028 3348135 01792 164 4



June 13, 2013

Dear XI NIAN



Reference: Telephone Number



Please disregard this notice if you have completed the certification within the last 30 days.

We have been unable to reach you regarding your participation in the Lifeline discount program. You are required by the Federal Communications Commission (FCC) to verify your continued eligibility in the program.

Please call toll free number 1.866.849.0404 within the next 30 calendar days to complete the required eligibility verification. Toll free number 1.866.849.0404 is available 24 hours a day, 7 days a week.

Failure to complete the certification process within the next 30 calendar days will result in removal of the Lifeline discount from your account.

TTY users may call 1.888.281.5786 using 711 relay service 8:00 AM to 4:30 PM Eastern Time.

Sincerely,

Your Verizon Team

Vea el reverso para información en español

Estimado(a) [REDACTED]

Referencia: Número de teléfono [REDACTED]

Ignore este aviso en caso de que ya haya completado la certificación en los últimos 30 días.

No hemos podido comunicarnos con usted con respecto a su participación en el programa de descuento *Lifeline*. Es requisito de la Comisión Federal de Comunicaciones (FCC) verificar que sigue cumpliendo con los requisitos para continuar en el programa.

Llame al teléfono gratuito 1.866.849.0404 dentro de los siguientes 30 días calendario para completar la verificación de elegibilidad requerida. El teléfono gratuito 1.866.849.0404 está disponible las 24 horas, los 7 días de la semana.

En caso de no completar el proceso de certificación dentro de los siguientes 30 días calendario, será retirado de su cuenta el descuento de *Lifeline*.

Los usuarios de TTY pueden llamar al 1.888.281.5786 utilizando el servicio 711 de 8:00 a. m. a 4:30 p. m., hora del este.

Atentamente,

Su equipo Verizon



309 8028 3364965 03488 1.72 1



June 21, 2013

Dear PETER [REDACTED]

Reference: Telephone Number [REDACTED]

You recently contacted Verizon regarding your participation in the Lifeline discount program. **This letter confirms you have successfully certified your eligibility.**

You will continue to receive the Lifeline discount as long as you remain qualified under the Federal Communication Commission's (FCC) Lifeline program rules.

Sincerely,

Your Verizon Team

Veá el reverso para información en español

Estimado(a) PETER [REDACTED]

Referencia: Número de teléfono [REDACTED]

Usted contactó en fecha reciente a Verizon con respecto a su participación en el programa de descuento *Lifeline*. **Esta comunicación es para confirmarle que cumplió satisfactoriamente con los requisitos de elegibilidad.**

Seguirá recibiendo el descuento de *Lifeline* durante todo el tiempo que cumpla con los requisitos que estipulan las reglas del programa *Lifeline* de la Comisión Federal de Comunicaciones (FCC).

Atentamente,

Su equipo Verizon



308 8028 3336361 00683 158 6



June 7, 2013

Dear PETER [REDACTED]

Reference: Telephone Number [REDACTED]

Please disregard this notice if you have completed the certification within the last 30 days.

We have been unable to reach you regarding your participation in the Lifeline discount program. You are required by the Federal Communications Commission (FCC) to verify your continued eligibility in the program.

Please call toll free number 1.866.849.0404 within the next 30 calendar days to complete the required eligibility verification. Toll free number 1.866.849.0404 is available 24 hours a day, 7 days a week.

Failure to complete the certification process within the next 30 calendar days will result in removal of the Lifeline discount from your account.

TTY users may call 1.888.281.5786 using 711 relay service 8:00 AM to 4:30 PM Eastern Time.

Sincerely,

Your Verizon Team

Veá el reverso para información en español

Estimado(a) PETER [REDACTED]

Referencia: Número de teléfono [REDACTED]

Ignore este aviso en caso de que ya haya completado la certificación en los últimos 30 días.

No hemos podido comunicarnos con usted con respecto a su participación en el programa de descuento *Lifeline*. Es requisito de la Comisión Federal de Comunicaciones (FCC) verificar que sigue cumpliendo con los requisitos para continuar en el programa.

Llame al teléfono gratuito 1.866.849.0404 dentro de los siguientes 30 días calendario para completar la verificación de elegibilidad requerida. El teléfono gratuito 1.866.849.0404 está disponible las 24 horas, los 7 días de la semana.

En caso de no completar el proceso de certificación dentro de los siguientes 30 días calendario, será retirado de su cuenta el descuento de *Lifeline*.

Los usuarios de TTY pueden llamar al 1.888.281.5786 utilizando el servicio 711 de 8:00 a. m. a 4:30 p. m., hora del este.

Atentamente,

Su equipo Verizon



309 8028 3328297 07240 155 9



June 4, 2013

Dear MARINA [REDACTED]

Reference: Telephone Number [REDACTED]

You recently contacted Verizon regarding your participation in the Lifeline discount program. **This letter confirms you have successfully certified your eligibility.**

You will continue to receive the Lifeline discount as long as you remain qualified under the Federal Communication Commission's (FCC) Lifeline program rules.

Sincerely,

Your Verizon Team

Veá el reverso para información en español

Estimado(a) MARINA [REDACTED]

Referencia: Número de teléfono [REDACTED]

Usted contactó en fecha reciente a Verizon con respecto a su participación en el programa de descuento *Lifeline*. **Esta comunicación es para confirmarle que cumplió satisfactoriamente con los requisitos de elegibilidad.**

Seguirá recibiendo el descuento de *Lifeline* durante todo el tiempo que cumpla con los requisitos que estipulan las reglas del programa *Lifeline* de la Comisión Federal de Comunicaciones (FCC).

Atentamente,

Su equipo Verizon



308 8028 3306538 00607 143 0



May 23, 2013

Dear MARINA [REDACTED]

Reference: Telephone Number [REDACTED]

Please disregard this notice if you have completed the certification within the last 30 days.

We have been unable to reach you regarding your participation in the Lifeline discount program. You are required by the Federal Communications Commission (FCC) to verify your continued eligibility in the program.

Please call toll free number 1.866.849.0404 within the next 30 calendar days to complete the required eligibility verification. Toll free number 1.866.849.0404 is available 24 hours a day, 7 days a week.

Failure to complete the certification process within the next 30 calendar days will result in removal of the Lifeline discount from your account.

TTY users may call 1.888.281.5786 using 711 relay service 8:00 AM to 4:30 PM Eastern Time.

Sincerely,

Your Verizon Team

Estimado(a) MARINA [REDACTED]

Referencia: Número de teléfono [REDACTED]

Ignore este aviso en caso de que ya haya completado la certificación en los últimos 30 días.

No hemos podido comunicarnos con usted con respecto a su participación en el programa de descuento *Lifeline*. Es requisito de la Comisión Federal de Comunicaciones (FCC) verificar que sigue cumpliendo con los requisitos para continuar en el programa.

Llame al teléfono gratuito 1.866.849.0404 dentro de los siguientes 30 días calendario para completar la verificación de elegibilidad requerida. El teléfono gratuito 1.866.849.0404 está disponible las 24 horas, los 7 días de la semana.

En caso de no completar el proceso de certificación dentro de los siguientes 30 días calendario, será retirado de su cuenta el descuento de *Lifeline*.

Los usuarios de TTY pueden llamar al 1.888.281.5786 utilizando el servicio 711 de 8:00 a. m. a 4:30 p. m., hora del este.

Atentamente,

Su equipo Verizon



309 8028 3301315 08779 141 7



May 21, 2013

Dear CLANCY [REDACTED]

Reference: Telephone Number [REDACTED]

You recently contacted Verizon regarding your participation in the Lifeline discount program. **This letter confirms you have successfully certified your eligibility.**

You will continue to receive the Lifeline discount as long as you remain qualified under the Federal Communication Commission's (FCC) Lifeline program rules.

Sincerely,

Your Verizon Team

Veá el reverso para información en español

Estimado(a) CLANCY [REDACTED]

Referencia: Número de teléfono [REDACTED]

Usted contactó en fecha reciente a Verizon con respecto a su participación en el programa de descuento *Lifeline*. **Esta comunicación es para confirmarle que cumplió satisfactoriamente con los requisitos de elegibilidad.**

Seguirá recibiendo el descuento de *Lifeline* durante todo el tiempo que cumpla con los requisitos que estipulan las reglas del programa *Lifeline* de la Comisión Federal de Comunicaciones (FCC).

Atentamente,

Su equipo Verizon



308 8028 3275699 02547 127 9



May 8, 2013

Dear CLANCY [REDACTED]

Reference: Telephone Number [REDACTED]

Please disregard this notice if you have completed the certification within the last 30 days.

We have been unable to reach you regarding your participation in the Lifeline discount program. You are required by the Federal Communications Commission (FCC) to verify your continued eligibility in the program.

Please call toll free number 1.866.849.0404 within the next 30 calendar days to complete the required eligibility verification. Toll free number 1.866.849.0404 is available 24 hours a day, 7 days a week.

Failure to complete the certification process within the next 30 calendar days will result in removal of the Lifeline discount from your account.

TTY users may call 1.888.281.5786 using 711 relay service 8:00 AM to 4:30 PM Eastern Time.

Sincerely,

Your Verizon Team

Estimado(a) CLANCY [REDACTED]

Referencia: Número de teléfono [REDACTED]

Ignore este aviso en caso de que ya haya completado la certificación en los últimos 30 días.

No hemos podido comunicarnos con usted con respecto a su participación en el programa de descuento *Lifeline*. Es requisito de la Comisión Federal de Comunicaciones (FCC) verificar que sigue cumpliendo con los requisitos para continuar en el programa.

Llame al teléfono gratuito 1.866.849.0404 dentro de los siguientes 30 días calendario para completar la verificación de elegibilidad requerida. El teléfono gratuito 1.866.849.0404 está disponible las 24 horas, los 7 días de la semana.

En caso de no completar el proceso de certificación dentro de los siguientes 30 días calendario, será retirado de su cuenta el descuento de *Lifeline*.

Los usuarios de TTY pueden llamar al 1.888.281.5786 utilizando el servicio 711 de 8:00 a. m. a 4:30 p. m., hora del este.

Atentamente,

Su equipo Verizon



309 8028 3396677 03099 1.86 5



July 5, 2013

Dear RUBY L [REDACTED]

Reference: Telephone Number [REDACTED]

You recently contacted Verizon regarding your participation in the Lifeline discount program. **This letter confirms you have successfully certified your eligibility.**

You will continue to receive the Lifeline discount as long as you remain qualified under the Federal Communication Commission's (FCC) Lifeline program rules.

Sincerely,

Your Verizon Team

Vea el reverso para información en español



308 8028 3348135 00760 164 4



June 13, 2013

Dear RUBY L [REDACTED]

Reference: Telephone Number [REDACTED]

Please disregard this notice if you have completed the certification within the last 30 days.

We have been unable to reach you regarding your participation in the Lifeline discount program. You are required by the Federal Communications Commission (FCC) to verify your continued eligibility in the program.

Please call toll free number 1.866.849.0404 within the next 30 calendar days to complete the required eligibility verification. Toll free number 1.866.849.0404 is available 24 hours a day, 7 days a week.

Failure to complete the certification process within the next 30 calendar days will result in removal of the Lifeline discount from your account.

TTY users may call 1.888.281.5786 using 711 relay service 8:00 AM to 4:30 PM Eastern Time.

Sincerely,

Your Verizon Team

Estimado(a) RUBY L [REDACTED]

Referencia: Número de teléfono [REDACTED]

Ignore este aviso en caso de que ya haya completado la certificación en los últimos 30 días.

No hemos podido comunicarnos con usted con respecto a su participación en el programa de descuento *Lifeline*. Es requisito de la Comisión Federal de Comunicaciones (FCC) verificar que sigue cumpliendo con los requisitos para continuar en el programa.

Llame al teléfono gratuito 1.866.849.0404 dentro de los siguientes 30 días calendario para completar la verificación de elegibilidad requerida. El teléfono gratuito 1.866.849.0404 está disponible las 24 horas, los 7 días de la semana.

En caso de no completar el proceso de certificación dentro de los siguientes 30 días calendario, será retirado de su cuenta el descuento de *Lifeline*.

Los usuarios de TTY pueden llamar al 1.888.281.5786 utilizando el servicio 711 de 8:00 a. m. a 4:30 p. m., hora del este.

Atentamente,

Su equipo Verizon

Important information regarding the Lifeline Discount Program

Dear

We have an important message regarding your Verizon voice services and your participation in the Lifeline discount program.

The Federal Communications Commission (FCC) requires that all customers participating in the Lifeline discount program certify their eligibility for this program each year.

We have attempted to contact you regarding this certification, but our records indicate you have not certified your eligibility this year.

- The certification period has ended.
- The Lifeline discount has been removed from your account and you will see an increase in the monthly rate for your Verizon voice service within the next 1 -2 bill cycles.
- You may reapply for the Lifeline discount program by completing the enclosed application and returning it to Verizon as directed.
- We will process your application and if you are eligible for the program the Lifeline discount will be restored to your account within 3 – 4 weeks.

We appreciate your business.

Sincerely,

Verizon Lifeline Services

Attachment C

This attachment contains Verizon Comments prepared by the Company to provide additional information regarding findings in the report contained in Attachment A. We were not engaged to and did not perform any procedures related to this attachment.

VERIZON COMMENTS

Independent Accountants' Report

Pursuant to the Commission's Lifeline Biennial Audit Plan,¹ Verizon hereby provides its comments on the draft Independent Accountants' Report of Ernst and Young dated March 18, 2015 ("Report").² Verizon has extensive procedures in place to satisfy its Lifeline obligations and strives to achieve compliance with all program rules and regulations. Verizon's commitment to compliance is reflected in the Auditor's findings, which note that Verizon generally is in compliance with all Federal Communications Commission (FCC) rules, with very limited exceptions. Some of the exceptions identified by the Auditor are in fact not exceptions at all. As addressed in detail below, the Auditor identified certain exceptions where Commission rules actually do not require the action the Auditor claims Verizon should have taken or where an action taken by Verizon is to the benefit of the program.

OBJECTIVE I: Carrier Obligation to Offer Lifeline

Procedure 2 – Verizon Comment

In 2014, Verizon implemented new controls that ensure the "non-transferable" statement is included in bill messages, outreach letters, newspaper advertisements and other written materials describing Lifeline services.

Procedure 3 – Verizon Comment

Commission rules do not require ETCs to maintain recordings of service calls from Lifeline customers, much less any requirement that such recordings must be retained for two years, which would be the time period necessary to have required retention and production of such recordings from the 2013 audit period. Even if the Commission's final Biennial Audit Plan imposed such a

¹Lifeline Biennial Audit Plan, General Standard Procedures for Biennial Independent Audits Required Under The Lifeline Reform Order For The Period January 1 Through December 31, at n14 (rel. April 2, 2014) (The ETC should submit any comments to the draft report within 30 days after the auditor submits the draft report to USAC and the Commission, citing *Lifeline Reform Order*, 27 FCC Rcd at 6783, para. 294).

² Unless otherwise specified, "Verizon" refers collectively to the following operating telephone companies subject to this audit: Verizon Maryland LLC; Verizon New England Inc.; Verizon North LLC; and Verizon Pennsylvania LLC. The Independent Accountants' Report is addressed to and discusses Verizon Communications Inc.; however, Verizon Communications Inc. is neither a carrier nor a regulated entity. Ernst and Young will be referred to as the "Auditor."

requirement – and it did not– the final Biennial Audit Plan was not released until April 2, 2014,³ months after the audit period ended and well after the time by which Verizon could have acted to secure recordings from the prior year.

In 2013, Lifeline customers could contact Verizon to speak with a representative about their service by dialing 1-800-VERIZON. That number is not exclusive to Lifeline service calls; calls regarding other Verizon services use the same number. Given the volume of calls into 1-800-VERIZON and the Verizon Information Security policy to retain call recordings containing sensitive personal information for the shortest period consistent with business and legal requirements (e.g., training, monitoring performance, conducting internal investigations), calls are recorded and stored for no more than 180 days.

Procedure 4 – Verizon Comment

Commission rules do not require written de-enrollment procedures. If the Commission’s final Biennial Audit Plan imposed such a requirement – and it did not– the final Biennial Audit Plan was not released until April 2, 2014,⁴ months after the audit period ended and well after the time by which Verizon could have acted to document in writing its de-enrollment procedures for the prior year.

In 2013, Verizon had procedures for de-enrolling customers that were no longer eligible for Lifeline service. Verizon explained such procedures to the Auditors and, although such procedures were not memorialized in a written document, such procedures existed and were followed. For example, Verizon has provided the Auditors with copies of termination notices, informing customers how to demonstrate continued eligibility, and warning customers of the termination of service if eligibility is not demonstrated (see Attachment B). Although not in a formal written document, these procedures were in place.

³ *Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, Public Notice, WC Docket No. 11-42, DA 14-450 (rel. April 2, 2014).

⁴ *Id.*

Objective II: Consumer Qualification for Lifeline

Procedure 2 – Verizon Comment

The identified “exception” does not reflect any violation of program rules. To the contrary, the difference in subscriber counts reflects the fact that Verizon instituted a process to ensure that it sought *less* in reimbursement from the fund than it may have been entitled – *i.e.*, Verizon provided Lifeline benefits to more customers (as reflected on the Pennsylvania and Rhode Island Subscriber Listings) than it sought reimbursement for (as reflected on the FCC Form 497).

Verizon may adjust the FCC Form 497 subscriber count downward to prevent potential over-collection from the Federal Universal Service Fund. In particular, Verizon makes an across-the-board deduction from the subscriber total counts in a set percentage amount to reduce the reimbursement request. Verizon does not identify specific customers within the subscriber listings for exclusion from the reimbursement request; if Verizon is aware of any specific customer that is ineligible, that specific customer is de-enrolled. Rather, by deducting a percentage of subscribers from Verizon’s overall reimbursement request, Verizon’s process serves to protect against over-collection from the Fund at a time when there is significant change and churn in the program due to the new regulations and subsequent introduction of the National Lifeline Accountability Database (NLAD).

Procedure 5 – Verizon Comment

Commission rules require ETCs to recertify Lifeline customers whose eligibility was determined prior to June 2012. The Commission rules do not require ETCs to send one-per-household worksheets to all such customers for completion, nor did Commission rules require examination of every existing customer to determine whether any such customers warrant completion of the one-per-household worksheet. In response to this very issue, the Commission recognized that ETCs “collect the one-per-household worksheet when they learn that a subscriber resides at the same address as another Lifeline subscriber.”⁵ Verizon did perform some reviews to try to identify duplicate addresses prior to the launch of the National Lifeline Accountability Database (NLAD). If any Lifeline customers resided at the same residence, Verizon required completion of the worksheet.

⁵ *Public Notice* at n23 (emphasis added), citing *Lifeline Reform Order*, 27 FCC Rcd at 6691, 6895-96, para. 78, App. C.

Objective III: Subscriber Eligibility Determination and Certification

Procedure 3 – Verizon Comment

Of the 7 subscribers identified by the Auditors, 4 of the subscribers did not require the documentation because (1) one subscriber application was submitted prior to the effective date of the new rules, and an inadvertent error caused the discount to be removed and subsequently reapplied during the audit period (2) three subscriber applications were submitted shortly following USAC's announcement of the types of documentation that may be presented to demonstrate eligibility, which did not provide sufficient time to implement systems for recording documentation types.

Overall Comment

Verizon continues to review and improve its procedures. Process changes were implemented in 2014 that provide additional controls to eliminate or minimize future issues.

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